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THE WORLD AGRICULTURAL SITUATION 1966-67

MALAYSIA TO GROW HIGHER YIELDING CROPS

FOREIGN MARKET FOR SOYBEANS AND PRODUCTS

JAN 23 1967

# FOREIGN AGRICULTURE

## Including FOREIGN CROPS AND MARKETS

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A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

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Including FOREIGN CROPS AND MARKETS

JANUARY 9, 1967

VOLUME V • NUMBER 2

Malaysian rice planters tie month-old seedlings into small bundles for use later in transplanting. See article, page 7, on Malaysia's plan to upgrade production of rice and other farm commodities.

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# THE WORLD AGRICULTURAL SITUATION

## —review of 1966 and prospects for 1967

World agricultural production in 1966 continued its long-term upward trend, rising slightly from 1965 and 17 percent from the 1957-59 average. Principal gains were in the food commodities, with cereals, edible oilseeds, and sugar hitting new records and total output of livestock food products almost matching the gain in world population. Among the nonfood products, there were large declines in coffee and cotton—both surplus commodities.

As in previous years, much of this agricultural expansion occurred in the developing nations. However, rapid population growth kept per capita production in these nations at about the 1965 level.

### The regional outlook

Ever vulnerable to weather, agriculture produced its usual share of achievements and disappointments.

The USSR and much of Eastern Europe recovered dramatically from their poor agricultural outturns of 1965-66, with especially sharp increases in grain. South Asia staged a limited comeback from its unfavorable showing of 1965-66, though India will once more have to import large quantities of grain. Oceania produced record grain crops; Mainland China, poor ones again.

Drought in the Andean region, hurricane damage in the Caribbean, and wet weather during harvest in Brazil dropped total production of Latin America. Hardest hit of the Brazilian crops was coffee—off 40 percent from last season's record.

Cool, wet weather caused Europe to shift from production of winter foodgrains to spring feedgrains, and floods drastically affected agriculture in Italy's Po Valley. The opposite problem continued to plague Africa: while rains brought relief to the long dry spell of East and South Africa, drought set in over North Africa and parts of West Asia.

In North America, Canada was favored by exceptionally good weather and saw total production rise 10 percent to an alltime record. But the United States suffered from too cool a spring and summer drought, and production here fell 2 percent.

### Wheat production at record, rice also high

Buoyed by record crops in Canada, Australia, and the USSR, world *wheat* production in 1966-67 will hit a new high, estimated at 274 million tons compared with 247 million in the preceding year and 255 million in 1964-65. Argentina also has a good crop, while U.S. production is just slightly below last season's.

Wheat trade this year will not be as lively as in 1965-66—it may fall 10 percent from the record 1965-66 volume of 61 million tons. The USSR, whose grain trade in recent years has fluctuated wildly, will be importing much less than in 1965-66 and exporting some to Eastern Europe and other areas of political importance. Purchases by that country and Eastern Europe are expected to be near the 1964-65 level of 6.6 million tons. Asian imports, by contrast, will probably rise somewhat: India's grain import needs will be about the same as in 1965-66; Japan will be buying some half million tons more wheat; and Communist Asian wheat imports are likely to be about as large as the 6.6 million tons of 1965-66.

This slackening of trade in the face of a record crop will mean some buildup in world stocks, which last season dipped to their lowest level in 13 years.

Free world *rice* production in 1966-67 is forecast at about 170 million tons, compared with 159 million in 1965-66 and 172 million in 1964-65. India's crop exceeds the drought-affected harvest of 1965-66, and output is up in the United States, Italy, Thailand, and Japan. Marketing disruptions in the rice bowl countries—Burma, Cambodia, the Vietnams, and Laos—will reduce that area's export availabilities, though total trade in rice is expected to remain at the 7.5-million-ton level of recent years.

### Another high for feedgrains

A world *feedgrain* production of 380 million tons is estimated for 1966. This is a new record, some 2 million tons above the 1965 high.

Corn production rose 10 million tons to a record 217 million, mainly because of increases in Argentina (where output was the largest since 1944), in Europe, and in the USSR. In the United States, production rose slightly from the record level of 1965.

Widespread gains boosted barley some 8 percent to almost 100 million tons, with the steepest percentage increase Canada's 34 percent. U.S. output was off 4 percent.

The two major grain sorghum producers—the United States and Argentina—both increased their production. The U.S. crop was up 7 percent to a record 18.3 million tons, and Argentina's more than doubled to a record 2.1 million. Production of oats fell to 44 million tons, 10 percent below the 1960-64 average.

Trade in feedgrains in 1966-67 is forecast to rise a modest 5 percent, compared with the 19 percent of 1965-66. Among commercial buyers, Eastern Europe will be taking less feedgrains than in 1965-66; Western Europe, probably the same; and Japan, about 10 percent more.

U.S. shipments are expected to remain at the 1965-66 level of 26 million tons, or slightly below, while gains are made by competitors—Argentina and Thailand for corn; Argentina for sorghum; and France and Canada for barley.

### Oilseeds and vegetable oils

The expanded oilseed production of 1966 will be reflected in this year's output of *vegetable oils*, estimated to rise 5 percent to a record 22 million tons. (Except for palm, rapeseed, and castor oils, 1967 oil production is from 1966 oilseed crops.)

Edible oils will account for around 17 million tons of the total, with a gain of 6 percent reflecting large 1966 crops of U.S. soybeans, USSR sunflowerseed, and Spanish

olives. Cottonseed production—particularly in the United States—was off sharply in 1966, while the Indian peanut crop was back to normal after the poor harvest of 1965.

Production of industrial oils will be pulled down by declines in output of linseed oil, despite recovery in castor oil and the largest volume of tung oil since 1958.

World trade in oilseeds and vegetable oils (oil-equiv.) in 1967 is estimated at the 1966 record of 6.8 million tons. Shipments of edible oils and oilseeds are likely to exceed the 1966 estimate of 3.8 million tons, with gains in all products except cottonseed oil and African peanuts and oil. Industrial oil exports are not expected to reach the 1966 level: trade will be off in flaxseed and linseed oil; probably up in castor and tung oils.

World trade in oilseed cake and meal will probably exceed 7 million tons for 1966-67, up 5-10 percent. About one-third of this will be U.S. soybean meal.

### Fruit production increases

A new production high is anticipated for 1966-67 output of *oranges*, with gains in both major producing areas—the United States and the Mediterranean Basin. U.S. orange exports—mainly to Canada—may rise moderately, and the outlook is also favorable for grapefruit, lemons, and processed citrus juices.

Northern Hemisphere *apple* production in 1966 climbed 3 percent to 10.6 million tons—the result of an 8-percent increase in Western Europe's crop. A lower U.S. production will be reflected in shipments that are one-fifth below the 130,000 tons of 1965-66—the biggest volume in a quarter of a century.

Northern Hemisphere production of *pears*, at 3 million tons in 1966, was up 13 percent from 1965 and slightly from the 1960-64 average. Largest gain was in the United States, and a moderate increase is expected in our exports.

### Gains in meat, dairy products

Production of *red meat* in 44 major producers (excluding Mainland China) hit 52 million tons in 1966. While only slightly above the 1965 level, this was almost 20 percent above the 1956-60 average. Production of beef and lamb and mutton rose 2 and 3 percent, respectively; that of pork remained at the 1965 figure.

On the trade side, shipments of beef in 1966 returned to the pre-1964 pattern, that is the United States again became an attractive market for Australian and New Zealand products; this pattern is expected to continue in 1967. No change was seen in 1966 exports of pork, lamb, and mutton; major suppliers continued to be Denmark and the Netherlands for pork and New Zealand and Australia for lamb and mutton. U.S. exports of variety meats (world total not available) probably fell 5-10 percent in 1966 but are to rise in 1967.

There was no production change from 1965 in either *lard* or *tallow and grease*. U.S. lard shipments in 1967 may rise 5-10 percent from the reduced 1966 level, despite increasingly stiff product competition from vegetable oils. U.S. production of tallow and grease rose in 1966, but exports were down.

Despite a drop in U.S. output, world production of *milk* in 1966 was 2 percent ahead of 1965. Steepest gains—3 percent each—for the producing regions were in the EEC, Oceania, Eastern Europe, and the USSR. In Japan, where the dairy industry is still small but growing rapidly, milk production climbed 7 percent from the year earlier.

Improved prices and higher production per cow suggest a moderate advance in North American milk production in 1967, but this will still be well below the record 66 million tons in 1964.

Advances occurred in 1966 output of the principal manufactured dairy products—*butter, cheese,* and *nonfat dry milk*—but at a slower rate than in 1965. Western Europe produced record quantities of butter and nonfat and in the EEC, output of nonfat for the first time surpassed the U.S. level. Butter production was also high in the EEC, with this area accounting for about 60 percent of Western Europe's near-record butter stocks. By contrast, U.S. output of butter and nonfat fell substantially.

The reduced demand from Western Europe, the major importer, resulted in a slackening of world trade in dairy products: both butter and nonfat exports fell, while shipments of cheese continued their long-time upward trend. More of the same appears in store for 1967.

The world's growing fondness for *poultry meat* helped continue this product's rapid expansion of recent years. World output in 1966 rose 10 percent to almost 7 million tons. West Germany and Japan—the leading importers—recorded production advances of 12 and 20 percent, respectively, while the United States and the Netherlands—the major exporters—each had gains of 9 percent.

World trade in poultry meat rose about 10 percent in 1966 to over 280,000 tons. It will most likely remain high in 1967.

### Sugar and beverages

World output of *centrifugal sugar* in 1966-67 is estimated at a record of 66 million tons (raw value). Production will be 4-5 million tons ahead of consumption, and stocks will climb to about 25 million tons. Accounting for the gain is the larger production of the USSR, South Africa, and Western Europe and an expected recovery in Cuba's cane crop.

The first half of this year will see negotiations for a new International Sugar Agreement. Earlier negotiations, in 1965, fell through, and producers have for the past couple of years been working under the old agreement minus quota and price provisions.

The *coffee* surplus situation may improve somewhat this year as a result of a 20-percent drop in coffee production. The 1966-67 (Oct.-Sept.) crop is estimated at 64 million bags (60 kg.) with the largest decline in Brazil. Exportable production, at 50 million tons, is close to requirements.

The International Coffee Agreement made some important steps forward this past August, when its governing body (the International Coffee Council) introduced a requirement that producer countries set aside part of their coffee income for diversification programs, a price stabilization system, and stiffer controls. These last two changes are expected to ease the sharp price fluctuations and the problem of clandestine shipments.

A gain of 13 percent and the second largest crop on record is the outlook for *cocoa* in 1966-67. Major producers—Ghana, Nigeria, and the Ivory Coast—have all enjoyed favorable growing conditions, and the crop is forecast at 1.39 million tons. Grindings in 1967 are expected to equal the record 1.4 million tons of 1966.

World *tea* production (excluding Mainland China) rose 5 percent in 1966 to a record 1 million tons—900,000 tons

of it in Asia. Another large crop is in prospect for 1967. World consumption of tea thus far has pretty much paced production, but a slight stock buildup is foreseen for 1967.

### No change in tobacco, cotton down

*Tobacco* production in 1966 stayed at the 1965 level of 4.5 million tons (10 billion lb.). The flue-cured crop was up 5 percent as a result of expansion in the United States, Canada, Japan, and South Korea; orientals also climbed a little. Offsetting these increases was a 10-percent drop in burley, with the sharpest decline in the United States.

Tobacco exports from this country—the leading exporter—rose somewhat in 1966; for fiscal 1967, they are expected to climb further, led by an advance of about 20 percent in the important flue-cured shipments.

A better supply situation is in view for *cotton* in 1966-67, as consumption (52 million bales) will exceed production (48 million) for the first time since 1961-62. This production decline—virtually all in the United States—will cut stocks from the 1965-66 record of 30 million bales to 26 million.

Cotton trade in 1966-67 is expected to rise by about a million bales to 18 million, with U.S. shipments jumping from a low 2.9 million in 1965-66 to 5 million.

Among other fibers, *wool* production in 1966 is estimated at about the same level as in the previous 2 years (2.65 million tons greasy basis); *jute* is up 11 percent to 2.5 million tons, and *sisal* up slightly to 650,000.

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These highlights are based on *The World Agricultural Situation, Review of 1966 and Outlook for 1967* (and revised estimates of U.S. grain production). Single copies of the publication are available from the Division of Information, Office of Management Services, U.S. Department of Agriculture, Washington, D.C. 20250.

# More Changes Likely for Western Europe's Apple Trade

The 1966-67 season may well be a pivotal year in the restructuring of West European trade in dessert apples.

An uninterrupted upward trend in France's apple production since the turn of the 1960's—particularly in the Golden Delicious variety—has cast that country into an exporting role of increasing stature. Though France has until recently concentrated heavily on the West German market, there are signs that the French are aggressively seeking to widen their markets in other directions.

This is causing considerable apprehension, not only on the part of Italy—the major European exporter—but also in other nearby countries where the Golden Delicious has been a key variety in orchard modernization.

### Record crops in France, Italy

The 1966 crop of dessert and cooking apples in Western Europe is currently estimated at 346.7 million bushels, 11 percent above the 1965 crop and nearly 5 percent larger than the 1960-64 average.

Much of this gain has been in production of dessert apples in Italy and France.

In Italy, production is estimated at a new high of 112.5 million bushels, about 12 million more than in 1965 and 3 million above the previous high of 1964.

In France, the crop is a record 54.8 million bushels. This is 13 percent above the 1965 high, 40 percent more than the 1960-64 average, and slightly over 2½ times the crop in 1959, when the upward movement in French production began. Reports indicate that the Golden Delicious variety alone accounted for over half of France's output of dessert apples in 1966.

According to a recent report of the French Ministry of Agriculture, further and sizable production gains lie ahead. The Ministry's projection indicates that between 67 million and 78 million bushels of dessert apples could be produced in France by 1970, with the Golden Delicious accounting for most of this increase.

Changes over the past few years in France's and Italy's apple trade give some indication of what effect France's expanding production could have on future trade.

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**For more detailed information on trade in apples, see Foreign Agriculture Circular FDAP 6-66, December 1966.**

France—until recently a net importer of apples—shipped out a record 6.4 million bushels in 1965-66. This was 3½ times more than in the preceding season. Imports, on the other hand, fell 48 percent to 3.4 million bushels.

West Germany has been by far France's leading market. During the 1965-66 season, France moved 4.4 million bushels to West Germany alone. This was an increase of more than fourfold from the 1964-65 figure and represented slightly over two-thirds of France's 1965-66 export of dessert apples.

Though the volume of dessert apples moving from France to the United Kingdom is still relatively small, it is nevertheless on the rise. In 1965-66, France's exports to the U.K. market totaled 457,000 bushels, compared with 301,000 during the preceding season and 243,000 in 1963-64. Through late November of this season (1966-67), a preliminary tally of France's exports to the United Kingdom indicates an increase of 83 percent over shipments in the same period of 1965-66.

The Golden Delicious is playing the key role in this expanding export trade. About 5 million bushels of the variety were exported during 1965-66, representing 78 percent of total volume of French dessert apple exports.

### Stiff competition for Italy

France's new role as a prominent apple producer and exporter has already affected Italy on two fronts.

First, the increasing self-sufficiency of France has lessened Italy's participation in that market. In 1965-66 Italy's apple shipments to France dropped to 1.9 million bushels, a decline of 46 percent from a year earlier. This was the smallest volume exported to France since 1958-59.

Second, France's penetration of the West German market this season is perhaps only a preamble to what the future holds for Italy. A short West German apple crop in 1965 was responsible in part for France's sharp gain in that market. But Italy, which also should have benefited from Germany's smaller crop, succeeded in moving into West Germany during 1965-66 only 500,000 bushels more than its volume of the preceding marketing season.

—GILBERT E. SINDELAR
*Fruit and Vegetable Division, FAS*

# The FOREIGN MARKET for U.S. SOYBEANS and PRODUCTS

The outlook for soybeans and soybean products indicates that the value of exports in 1966-67 will reach a new record high that will keep them among the Nation's top dollar earners—a firm member of the "billion dollar" club.

Demand for soybeans and meal continues strong in the industrialized countries as a result of expanding livestock production and improving incomes. The 1966 U.S. soybean crop is estimated at 931 million bushels—10 percent above that of 1965. Adding the carryover of 36 million bushels brings the total 1966-67 supply to 967 million—92 million more than last year.

Responding to these two favoring circumstances—rising demand and steady supply—U.S. exports of soybeans for the 1966-67 marketing year are forecast at an alltime high, exceeding the record 251 million bushels of 1965-66. Exports of soybean cake and meal also are expected to set a new record, passing the 1965-66 high mark of over 2.5 million tons. Last year, the gains in soybean and meal exports more than offset a decline in the value of exports of soybean oil, and the same is expected to be true during the current year.

### Value rising faster than quantity

Increases in the total value of U.S. soybean and soybean-product exports may be even greater than the increases in quantity, because of higher prices. Last fiscal year, the value of these exports topped the billion-dollar level for the first time. At approximately $1.1 billion, it rose 13 percent over the previous year.

Regular commercial exports reached $966 million—also a record, well above the 1965 level of $841 million. This includes all the exports of soybeans and soybean meal and nearly half those of soybean oil—the rest having been made under Public Law 480 programs, including sales for foreign currency, long-term dollar credits, barter, and foreign donations.

Western Europe, Japan, and Canada are the major foreign markets for U.S. soybeans. Together they account for about 90 percent of the total—Europe taking 55 percent, Japan (the largest single market) 25 percent, and Canada 10 percent.

Last year, West Germany and the Netherlands, traditional U.S. markets, increased their takings of U.S. soybeans by 40 and 20 percent, respectively; and U.S. soybean exports to the European Economic Community, as a whole, were over 92 million bushels, or close to 40 percent of total soybean exports. Spain emerged as a significant new outlet, taking 18 million bushels.

In Japan, expanding poultry and livestock feed requirements are calling for large supplies of soybean meal and other feed concentrates. U.S. soybean exports to Japan in 1966-67 are expected to surpass the 62 million bushels shipped there last year.

Although U.S. soybean exports to Canada are large—over 30 million bushels—substantial but undetermined quantities are held in storage or transshipped to other countries, mainly those in Western Europe. Imports retained for Canadian use may range between 15 million and 18 million bushels.

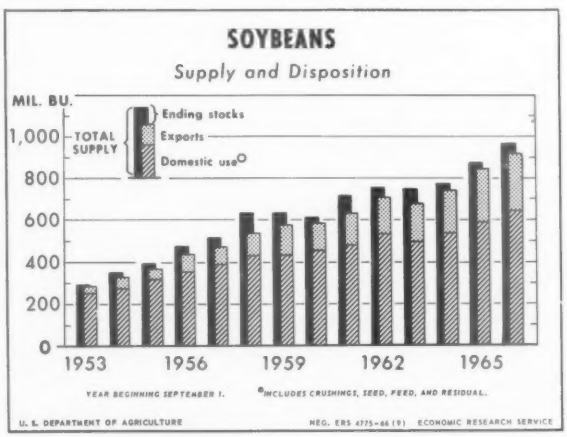
Prospects are for a record world output of about 17 million metric tons of edible vegetable oils in 1967—6 percent above the previous record set in 1966. World edible oil exports in 1967 are expected to equal or slightly exceed the 1966 estimate of 3.8 million tons. The aggregate gain in exportable supplies of U.S. soybeans and soybean oil (in terms of oil) will more than offset the decline in U.S. cottonseed oil.

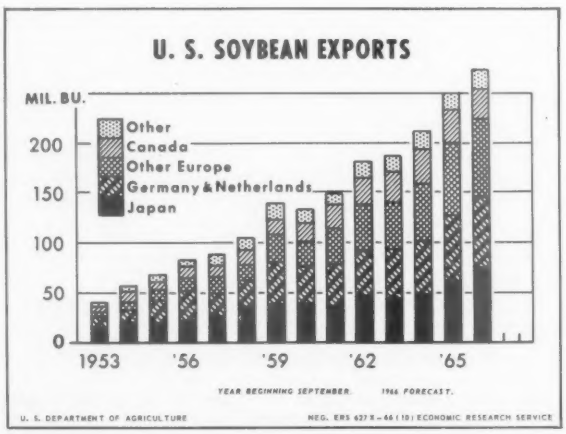
### Outlook for other oils

Export availabilities of sunflowerseed oil will reach a new record, reflecting larger 1966 crops in the Soviet Union and Argentina. A record tonnage of rapeseed and oil also is expected to enter world trade in 1967, in view of the record 1966 crop in Canada and the prospects for large seedings there in 1967.

Net exports of olive oil from major producing countries of the Mediterranean Basin probably will increase in 1967; but some reduction in olive oil trade between France and Spain and between Italy and North Africa may result from recent changes affecting olive oil trade with the EEC.

Some decline in availabilities of copra and coconut oil is anticipated because of a drop in Philippine production and exports. For palm kernels and palm oil, however, production and exports are not expected to vary markedly from last year's levels.



# Malaysian Plan Seeks Diversity of Higher Yielding Crops

By GOODLOE BARRY
*Foreign Regional Analysis Division*
*Economic Research Service*

Bedeviled by falling prices of rubber exports and rising costs of imported rice, the Malaysian Government has moved fast to activate its First Five-Year Development Plan (1966-70). Malaysia produces 40 percent of the world's natural rubber and counts this product as its major foreign-exchange earner. It and neighboring Singapore, on the other hand, together have had to import nearly a third of their rice requirements in recent years.

The development plan, which has some answers to both problems, allots to agriculture about 25 percent of the $1.5 billion (U.S. equivalent) authorized for public expenditures. In addition, much of the 34 percent for transportation, utilities, and communications and of the 21 percent for education, health, and social services will benefit the rural areas where 70 percent of the people live. Private sector expenditures of $2 billion scheduled over the 5 years of the plan will go for the most part to accelerate growth in industry.

### More diversification, double-cropping

To bolster its defenses against increasingly stiff competition of synthetics, Malaysia under its development plan is subsidizing the planting of higher yielding rubber trees. At the same time, it is encouraging diversification of crops, with present emphasis on oil palms and pineapples, and is considering expansion in sugar, bananas, citrus fruits, coffee, maize, and tobacco.

The main hope of attaining self-sufficiency in rice is being pinned on increased double cropping, made possible by providing irrigation the year around for land already in single-crop paddy and for new land. A Japanese firm already has begun constructing dams, reservoirs, and tunnels for the vast $70-million, 250,000-acre Muda River project which is being financed in part by a $45-million loan from the World Bank.

The immensity of the project comes across in a breakdown of work on the second phase for which contracts are yet to be awarded: 700 miles of irrigation canals and drains involving about 1 million cubic yards of earth work, 390 feeder pipes with valves, 35 bridges, and a bewildering assortment of syphons, offtake structures, control drops, and tidal gates. A second project, for irrigation of 50,000 acres, has cleared the planning stage, and negotiations are in progress for a World Bank loan of $14 million to cover foreign exchange needs.

Meshed with the irrigation program are other programs designed to overcome economic and human rather than engineering problems. At present, even the existing land suitable for growing a second crop is not all utilized be-

*Clockwise from right: Malaysian rice paddies that have recently been transplanted; harvesting pineapple, one of the products being emphasized under the new 5-year plan; and laborers bringing latex in from a rubber plantation.*

cause available varieties of rice suitable for off-season cultivation are repugnant to the taste of most of the people, and profits are too low to provide an incentive for the extra work involved.

### Two new approaches

In addition to traditional approaches—such as breeding research and environmental trials—the government is attacking these problems from two new angles.

One is the recently announced plan to set up rice marketing boards in each of the four main producing areas; these boards will supposedly help farmers get better prices. In the past, Malaysian smallholders often had depended heavily on middlemen for credit and outlets.

Another more unusual approach is a plan now under consideration to greatly increase plantings of high-yielding varieties that are more responsive to fertilizer but not as appealing to domestic palates as the traditional types. Instead of compromising between yields and tastes by heavy reliance on development of new strains, the present proposal suggests growing and exporting unliked rice and using the proceeds to import the favored long-grain, less starchy varieties of rice.

Rivaling the heavy emphasis on irrigation and crop subsidies is the projected reclamation of 140,000 acres of new farmland from forests, swamps, and grassland. In addition, work already in progress on 33,000 acres will be brought to early completion. More than 21,000 families will be settled on the new land and given a living allowance until they become self-supporting. About two-thirds of the land is being planted to cash crops and the remainder to subsistence crops.

Settlers already on reclaimed land produced 800 tons of palm oil and 4,000 tons of rubber from high-yielding trees in 1965; by 1970, reclaimed lands are to produce 60,000 tons of palm oil and 90,000 tons of rubber.

Funding is planned also for expansion of the extremely limited livestock industry, for a strong extension service to help farmers with their day-to-day problems, for upgrading agricultural research, and for increasing education facilities at the secondary-school and college level.

Complete success of the combined public and private sectors of the program hinges largely on Malaysia's ability to win almost $1 billion in overseas investments, loans, and grants. Further deterioration of prices received for exports could also imperil the plan.

# The Philippines—An Expanding Market for U.S. Farm Products

Agricultural trade between the United States and the Philippines has averaged about $330 million annually over the past 5 years, with the balance highly in favor of the Philippines. The United States has, however, made steady gains in exports to the Philippines and can expect further advances in wheat, tobacco, canned and dried fruits, and several other products.

U.S. agricultural exports to the Philippines rose during fiscal years 1964 to 1966 from $60.1 million to $73.6 million, with commercial sales alone reaching $62.5 million, or 19 percent more than in fiscal 1964. Exports in fiscal 1967, at their current rate, could be as high as those in 1966 or even higher.

### Wheat the largest export

Major U.S. agricultural exports to the Philippines in fiscal 1966, in terms of value, were wheat and flour, $27.2 million; cotton, $11.6 million; fruits and vegetables, $4.5 million; dairy products, $4.5 million; soybeans, $3.8 million; animal fats and oils, $1.3 million; tobacco, $1.1 million; feed and ingredients, $870,000; fats and oils, $840,000; and meat and meat products, $740,000.

Shipments of U.S. wheat and flour to the Philippines showed the greatest rise during fiscal 1966: their total of $27.2 million was nearly double the $14.3 million of fiscal 1965, making the Philippines the sixth or seventh best cash market for U.S. wheat. This big jump in wheat sales reflects a switch in buying from Canada to the United States as a result of the availability of hard red spring wheats at Pacific Northwest ports. Flour millers are now undertaking a promotion program to increase bread and wheat foods consumption. All told, the outlook is good, and the United States should enjoy a growing market for wheat in the Philippines.

Philippine imports of cotton in fiscal 1966 rose 18 percent above the previous year's level of 122,000 bales. In fiscal 1967, they are expected to reach about 200,000 bales, a new record. U.S. shipments to the Philippines were 95,000 bales in fiscal 1966 and have been up sharply thus far in the current year.

Philippine fruit and vegetable imports have been rising moderately during the past few years. The U.S. share is about 60 percent and has remained steady despite a decline in our share of the apple market. Looking ahead, it appears that the best prospects are for dried and canned fruits.

Philippine takings of U.S. tobacco showed a large increase in fiscal 1966 from the previous 2 years, and crop year 1967 promises to be even better, with demand continuing strong for U.S. flue-cured and burley tobaccos.

Other promising products are dry beans, canned meats, frozen livers, hearts and other meats for processing, soybeans, breeding cattle, and breeding poultry.

Reduced milk production and higher prices in the United States continue to dampen the outlook for dairy product exports to the Philippines. There is strong competition from New Zealand, Australia, the Netherlands, and Switzerland, and unless U.S. products can become more competitive in price, there is not much chance of arresting our declining share of the Philippine market.

### Change in competition expected

Competition in the Philippines comes mainly from New Zealand, Australia, the Netherlands, and Denmark in sales of dairy products, canned meats, processed vegetables, and fresh fruits. The greatest potential competition, however, lies in local production and processing. The Philippines has the capacity to provide most of its needs for processed vegetables, especially corn, string beans, pickles, and green lima beans; for canned pork; and for beef and chicken in all forms. The food-processing industry is growing and will increase in importance during the next 5 years as specialized programs are developed.

—LEE R. PARAMORE
*U.S. Agricultural Attaché, Manila*

# Advances in Canned Fruit, Vegetable Exports Win Presidential "E" Award for Dole Company

The Dole Company, world's largest producer of pineapples, was recently awarded the Presidential "E" citation for its role in expanding U.S. exports of canned fruits and vegetables.

The "E" award and banner were presented to William F. Quinn, president of the firm, by Secretary of Agriculture Orville L. Freeman in a special December 12 ceremony at Dole headquarters in Hawaii.

The award is based on the company's achievements over the past 4 years, during which time shipments of Dole products rose nearly 25 percent despite high tariffs in several prime markets and heavy competition from exporters in low-wage countries. Shipments, totaling $9.8 million in 1965-66, today move through the hands of 56 overseas sales representatives to buyers in 50 different countries. Major markets include Western Europe, Canada, and Japan.

Differing conditions in these overseas markets are studied by Dole, with the help of its representatives. Among the results are labels printed in several foreign languages for the European market, in both English and French for Canada, and in English and Japanese for Japan.

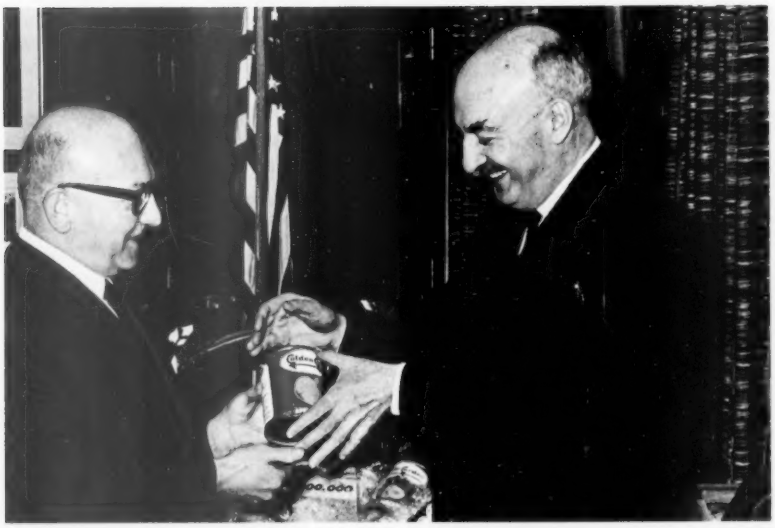
Market researchers have also found that foreign consumers eat canned pineapple mainly as a dessert but are amenable to using it as an ingredient in various dishes. In an effort to tap this market, Dole has printed for overseas distribution foreign-language recipe folders on the use of canned pineapple as an ingredient.

Innovations in shipping have been made. Increasingly, the company is using unitized shipping, whereby buyers' orders are stacked and shipped on pallets. This has helped cut down handling costs and damage and has led to many buyers requesting that all shipments come palletized.

Credit terms are liberal. Although Dole does not carry consignment stocks abroad, except in Canada, it does allow brokers extended terms of up to 90 days sight draft after arrival of steamer at destination.

Promotion through international trade fairs and other exhibitions has aided sales as has the use of foreign-language filmstrips and promotional campaigns at the retail level.

## Dutch Firm Imports Over 1 Million Cans of U.S. Fruit



*G. L. van Eerd (l), vice president of the Kroon Foodstuffs Organization of the Netherlands, shown as he presented a basket of his firm's canned fruit to U.S. Ambassador William R. Tyler last month during an informal ceremony at the American Embassy in The Hague. The basket contained the 1 millionth can of U.S. fruit imported in 1966 by the Kroon organization under its own private label.*

## Australian Honey Board Acts To Assist Export Marketing

Starting February 1, all Australian honey exported to the United Kingdom and Eire will be sent to one of the two firms that have been appointed by the Australian Honey Board to serve as sole joint agents in those countries for 1 year. Prices paid for the honey will be stabilized in line with world parity prices for honey of the same grade and quality.

According to Board Chairman Keith Mitchell, this exporting arrangement will give the first positive relief to beekeepers in Australia who have previously sold honey for export at prices well below real value because they had no way of establishing day-to-day market trends.

The Board also submitted to the Department of Primary Industry and Treasury a plan to make advance payment to Australian beekeepers who choose to sell their honey to the Australian Honey Board. Under this plan the Board will dispose of the honey it buys to either the local or the overseas market, according to the most favorable price that can be obtained without disrupting normal trade.

Mr. Mitchell believes the plan would be particularly valuable in times of heavy production following periods of shortage. At such times beekeepers often suffer serious financial difficulty.

Australia is the third largest honey exporter in the world, ranking considerably below the two leaders—Argentina and Mexico.

## Turkey Campaign a Sellout

Stocks of promotional material for the FAS-U.S. poultry industry holiday turkey campaign in West Germany (see *Foreign Agriculture*, Dec. 19, 1966) were completely depleted, proof of growing trade and consumer interest in the traditional American festive fare.

Retailers requested 50,000 posters, 750,000 recipe leaflets, 130,000 comprehensive brochures, 800,000 flyers containing complete carving instructions, and 2 million polyethylene carry-out bags for in-store display and distribution.

Responding to newspaper advertisements, consumers mailed in over 400 requests daily since December 1 for the brochure.

## U.K. Lard Imports Down 14 Percent

Imports of lard into the United Kingdom during the first 10 months of 1966 were 14 percent less than those of the same period of 1965. Lower imports last year are the result of shorter lard supplies and higher prices in the United States. Some increases in U.K. imports have started to appear, but the increased shipments have been from countries other than the United States.

The United States did not reverse its decreasing share of the U.K. market in January-October 1966. U.S. lard exporters supplied about 27 percent of the total market so far in 1966, down 29 percent from the first 10 months of 1965. In recent years, the United States has supplied as much as 90 and 95 percent of the U.K. market. Some U.S. gains were expected during November and December as lard prices declined and production went up with increased hog slaughter; figures are unavailable.

Belgium, the strongest competitor for the U.K. market, supplied 25 percent of the lard during the first 10 months of 1966. For October, however, Belgium exceeded the United States, supplying 29 percent of the lard needs of the United Kingdom. The United States—the second largest supplier—accounted for approximately 7 million pounds, or 23 percent.

U.K. LARD IMPORTS

| Country of origin | January-October 1965 Quantity | 1965 Percent of total | January-October 1966 Quantity | 1966 Percent of total |
|---|---|---|---|---|
| | *1,000 pounds* | *Percent* | *1,000 pounds* | *Percent* |
| United States | 222,566 | 55.6 | 91,280 | 26.6 |
| Belgium | 93,441 | 23.4 | 85,904 | 25.0 |
| Poland | 5,146 | 1.3 | 35,274 | 10.3 |
| Romania | 1,161 | .3 | 31,236 | 9.1 |
| Denmark | 20,904 | 5.2 | 24,095 | 7.0 |
| Netherlands | 10,962 | 2.7 | 18,878 | 5.5 |
| Italy | 18,647 | 4.7 | 16,952 | 5.0 |
| France | 16,321 | 4.1 | 15,124 | 4.4 |
| Germany, West | 3,166 | .8 | 7,842 | 2.3 |
| Sweden | 4,784 | 1.2 | 4,523 | 1.3 |
| Switzerland | 1,069 | .3 | 4,218 | 1.2 |
| Bulgaria | — | — | 4,091 | 1.2 |
| Canada | 448 | .1 | 1,525 | .5 |
| Others | 1,369 | .3 | 2,064 | .6 |
| Total | 399,984 | 100.0 | 343,006 | 100.0 |

Henry A. Lane & Co., Ltd., London.

## Norwegian Herring Fishing To Be Resumed

According to the chairman of the centralized sales organization for the fish reduction plants, Norwegian fishing for reduction purposes will be resumed on January 1, 1967.

This development reflects the fact that the record stocks of fishmeal and oil have now been sold. On November 1 fishmeal and oil stocks amounted to 230,000 and 120,000 metric tons, respectively. All of this vouume is to be shipped before March 31, 1967.

Apparently the Norwegian suspension of fishing for the reduction plants, the fishing strike in Peru, and unfavorable fishing conditions in Iceland have caused buyers to anticipate future decreases in available supplies, thus increasing prices for fishmeal.

## Philippine Exports of Copra, Coconut Oil

Registered exports of copra from the Philippine Republic during January-November 1966 totaled 837,384 long tons compared with 742,782 in the same period of 1965. Of the total, 231,033 tons moved to the United States compared with 237,939 tons in January-November 1965.

Exports of coconut oil rose to 279,127 long tons, from 201,854 in the first 11 months of 1965. Movements to the United States climbed to 229,758 tons from 157,689.

## Peanut Council To Set Up Sales Office

According to a press report, a decision was made at the recent African Peanut Council meeting in Niamey, Niger, to establish a regional office in Dakar for sales of peanuts from the Gambia, Niger, Nigeria and Senegal. The office reportedly will be established in three stages.

During the first stage (the first 3 years) the office will act as an information center only, collecting and disseminating market information daily, thus permitting the member states to coordinate their sales policies. During the second stage, a regional director general will be installed to assure coordination of sales as well as coordination among the local sales directors of the member countries.

Objectives for the third and final phase call for an entirely integrated regional office where all employees will be directly responsible to the peanut council and where all peanuts from the member states will be sold.

The office will be financed by a proportionate tax to be levied on the member countries based on production levels.

For a detailed account of the African Peanut Council see *Foreign Agriculture*, April 11, 1966.

## Niger's Peanut Crop Prospects

Niger's 1966 commercial peanut crop is tentatively estimated at 160,000 metric tons, shelled basis, or slightly above the record 156,000 tons commercialized from the 1965 crop. France is expected to buy about 100,000 tons for 48.75 CFA or $0.20 per kilogram c.i.f. European ports, a price slightly above the world market price, and the remainder will be sold at the world price.

Niger officials have been concerned about the possible effect of the difficulties in Nigeria and the transport of Niger's peanut crop to the coast. The major part of the crop usually goes by truck to Kano and then to Lagos by rail and Nigerian trucks. Peanuts constitute about two-thirds of Niger's recorded exports.

As of early December exports through Nigeria were moving at the rate of about 300 tons per day, which would correspond to a total of about 70,000 tons for the 8-month season (Nov. 15 to July 15), compared with 105,000 tons last year. If this rate is not increased, it will be necessary to divert up to 40,000 tons through Dahomey at an extra cost of 4,000 to 5,000 CFA ($16 to $20) per ton for a potential total loss of 160 to 200 million CFA ($650,000-$800,000). Every effort will be made to export as much as possible through Nigeria, and the transportation situation there may improve as time goes on.

## Brazilian Cotton Crop Smaller

The 1966-67 cotton crop in Brazil is now estimated at 2.0 million bales (480 lb. net), 20 percent below the 1965-66 crop of 2.5 million bales. The smaller crop is attributed to a cutback in planted area in South Brazil. The 1966-67 Northern crop is estimated at 800,000 bales, nearly 100,000 above the 1965-66 level. The 1966-67 crop in South Brazil is estimated at 1.2 million bales, 600,000 bales below the 1965-66 level.

Exports in the 1965-66 season (August-July) were 937,000 bales, compared with 1,040,000 in 1964-65. Exports to principal destinations in the 1965-66 season, with 1964-65 figures in parentheses and in thousands of bales, were: West Germany 179 (242); Japan 105 (131); the Netherlands 82 (135); Hong Kong 92 (110); Belgium 60 (84); South Africa 46 (39); United Kingdom 52 (84); USSR 70 (51); France 40 (57); Spain 42 (25); Bulgaria 29 (0); Czechoslovakia 34 (0); Hungary 29 (1); and Italy 19 (7).

Consumption in 1965-66 reached an estimated 1,250,000 bales and will likely increase further in 1966-67.

Stocks on August 1 were around 1.0 million bales, the largest since 1954, but will likely be reduced during the current season, in view of the expected smaller crop.

## FAO Tea Conference Scheduled for February

A United Nations Food and Agriculture Organization meeting on tea will be held in London, February 20-28. The conference will be open to all tea importing and exporting countries and will focus on current trends and problems of the world tea economy. Recommendations will be made to the FAO Committee on Commodity Problems as to what action, if any, must be taken.

An Ad Hoc Tea Meeting was held in May of 1965, at Nuwara Eliya, Ceylon, to consider the study on the world tea economy and if establishing a Tea Study Group would help to remedy any immediate or long-term problems facing the tea industry. The conference concluded that conditions at that time did not justify establishment of a Tea Study Group, but that the situation and outlook should be kept under review.

## World Wheat Harvest Surpasses Record

World wheat production in 1966 is now estimated at 274 million metric tons (10.06 million bu.), 7 percent more than the previous record of 255 million tons (9.36 million) in 1964, and 11 percent larger than the 1965-66 crop. The harvest is 18 percent above average production during the 5 years ended 1964.

WORLD WHEAT PRODUCTION

| Continent | Average 1960-64 | 1964 | 1965[1] | 1966[1] |
|---|---|---|---|---|
| | *Million metric tons* | *Million metric tons* | *Million metric tons* | *Million metric tons* |
| North America | 49.6 | 53.6 | 55.8 | 59.7 |
| South America | 9.5 | 13.7 | 8.0 | 10.6 |
| Western Europe | 39.0 | 43.2 | 45.4 | 40.2 |
| Eastern Europe | 17.2 | 18.0 | 21.9 | 21.9 |
| USSR | 50.0 | 57.7 | 46.5 | 73.5 |
| Africa | 5.7 | 5.9 | 6.1 | 4.9 |
| Asia | 52.1 | 52.3 | 55.6 | 51.3 |
| Oceania | 8.5 | 10.3 | 7.3 | 11.6 |
| Total | 231.6 | 254.7 | 246.6 | 273.7 |

[1] Preliminary.

The upturn in world wheat production is due mainly to a sharp increase in the harvest of the USSR, where crop yields of both winter and spring wheat were exceptional. Other major wheat areas have large crops except Western Europe and Asia. Also, African crops were reduced sharply by drought.

Production increases occurred in the principal exporting countries. North America—with two main exporters—has a record harvest 7 percent above the preceding year's bumper output. Canada, producing record yields per acre from a record acreage, increased production 30 percent. The U.S. harvest, though below 1965, was well above average. Argentina's harvest will exceed the poor 1965 crop.

Output in Western Europe decreased by about 5 million from the preceding year. Weather was generally unfavorable for planting and growing of both winter and spring wheat in the northern countries. Total acreage declined by about 3 million acres; though outturn per acre was above average, the high yields of 1965 were not attained. France, Europe's largest producer of wheat, had the most severe production setback.

## New Feed Mill Opens in Trinidad

A new Full-O-Pep feed mill was opened in Port of Spain, Trinidad, in late October. The mill is entirely owned and run by Trinidadians and operates under a franchise with the Quaker Oats Company.

The new semiautomatic facility is reportedly the most modern in the Caribbean area, with a full capacity of 372 tons per week. Current production is mostly poultry feed in 50-pound bags; pig and cattle feeds are to be added. Bulk feed delivery service is also available.

Some local corn, wheat middlings, molasses, and citrus and coconut meals are utilized by the mill. However, the major ingredients are imported from the United States.

With its new mill, Full-O-Pep joins Master Mix (Central Soya), Lipscombs, and Gibbons in a mixed-feed industry that is growing in response to Trinidad's developing animal agriculture.

## WORLD CROPS AND MARKETS INDEX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# Highlights of the Agriculture and Trade of Tanzania

**Resources:**—Tanzania has an area of 362,800 square miles, larger than Texas and Oklahoma combined, and a population of 10.7 million. Gross Domestic Product (GDP) in 1965 was $750 million; per capita GDP, $70.

**Agriculture:**—Tanzania has had only modest expansion of agricultural production over the past 5 years. According to the USDA index, agricultural production in 1966 was 13 percent above the 1957-59 average.

Still, agriculture plays a dominant role in Tanzania's economy, each year accounting for over 70 percent of the GDP and over 80 percent of the country's exports. Tanzania is the world's leading producer of sisal and cloves, annually supplying about 35 percent of the world's sisal and 80 percent of the cloves. It is also the second largest exporter of cashew nuts, after Mozambique, and counts cotton, coffee, oilseeds, cashew nuts, tea, and pyrethrum as other important crops.

Geographically, Tanzania is dominated by plains and plateaus which are rather dry. The soils are essentially thin, not especially fertile, and are further limited for agricultural use by inadequate and inconsistent rainfall over most of the country.

**Food situation:**—At its present level of food consumption, Tanzania is self-sufficient in all important food products except wheat, vegetable oils, and dairy products. Imports of these and a miscellany of other products account for only a small share of Tanzania's food supply.

Average daily caloric intake in 1959-61 was 2,440; over half was supplied by cereals, largely corn, sorghum, and millet; and an additional one-fifth, by cassava, plantains (cooking bananas), and bananas.

**Foreign trade:**—Tanzania has maintained a favorable balance of trade during the past decade. In 1965 total exports were valued at $192 million, 80 percent ($154 million) agricultural. Major agricultural exports were sisal, valued at $40 million; cotton, $44 million; coffee, $24 million; and cashew nuts, $12 million. Other exports include oilseeds, tea, pyrethrum, cloves, and copra.

Total imports in 1965 were valued at $187 million, 12 percent ($22 million) agricultural. Major agricultural imports were cereals, valued at $6 million; dairy products, $4 million; beer and wine, $3 million; and vegetable oils, $2 million.

**Agricultural trade with the United States:**—In 1965 the United States was Tanzania's second leading customer for agricultural products. U.S. imports of about $11 million included $6 million in coffee, $1.9 million in pyrethrum, and $1.5 million in sisal. The United States is Tanzania's No. 1 coffee customer.

In 1965 the United States shipped to Tanzania cereals, dry milk, and soybean oil under the Public Law 480 program. These shipments made up the bulk of the $2.6 million in U.S. agricultural exports to Tanzania.

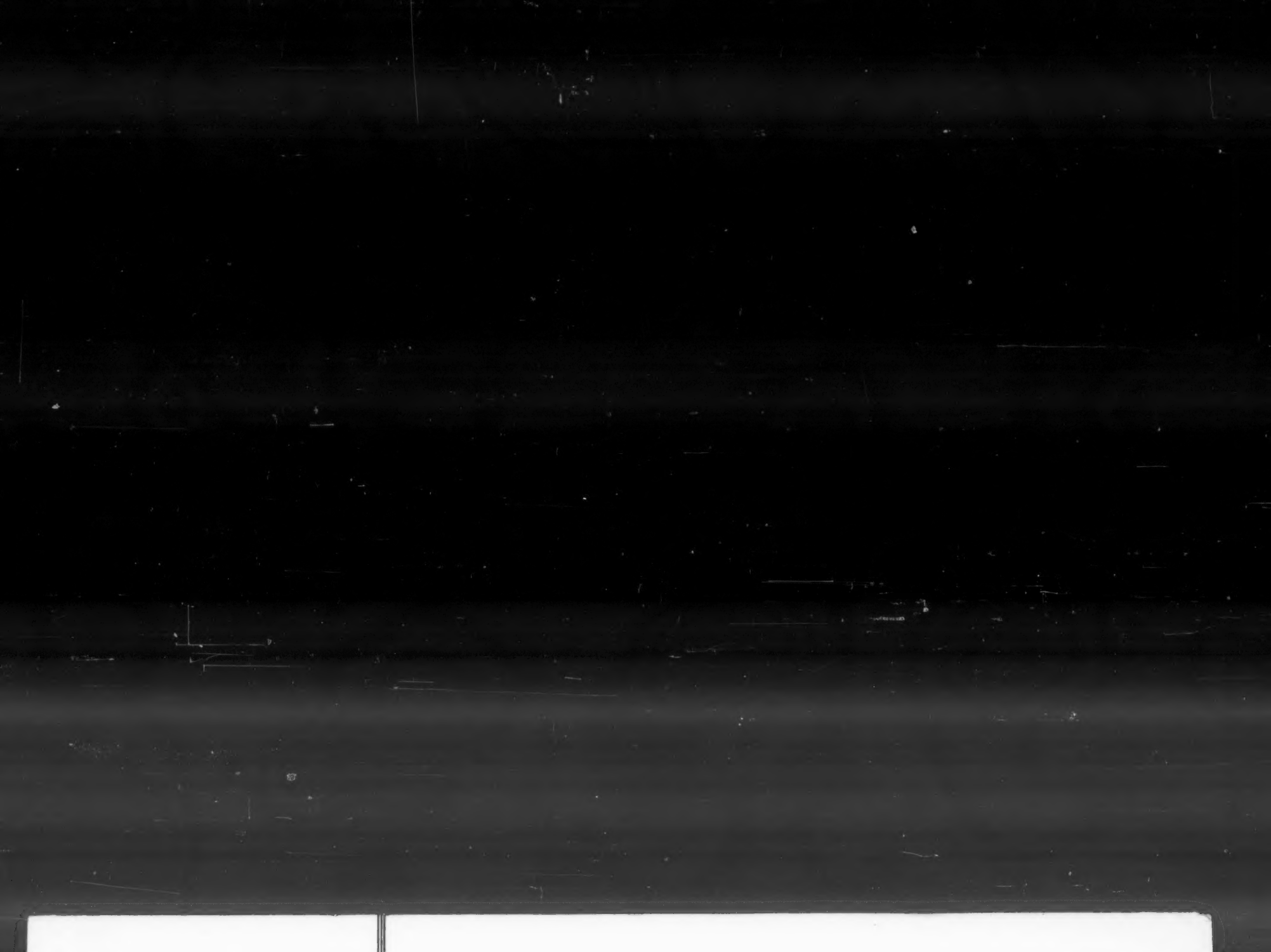
**Factors affecting agricultural trade:**—Import tariffs are used by Tanzania, primarily as a source of government revenue. Import licenses are used to limit or prohibit imports of agricultural products that are produced in adequate supply within the country. Open general licenses cover most commodities. Special import licenses are required for corn, rice, wheat, flour, and sugar. Wheat is imported from the United States duty-free; however, a 25 percent ad valorem tax may be charged. Import taxes of $2.24 per hundredweight or 25 percent ad valorem, whichever is larger, are levied on dry milk, and 25 percent ad valorem, on edible oils.

Licenses are required for the export of corn, wheat and flour, sugar, vegetable oils, copra, and canned meat. When local shortages occur the export of these products may be restricted. Other agricultural products may be exported without licenses. There are high protective duties on selected luxury commodities.

Export taxes are levied on certain commodities for government revenue purposes.

There is no indication of change in Tanzania's trade pattern of selling large quantities of coffee and moderate quantities of sisal, tea, and pyrethrum to the United States. But with the development of large-scale mechanical equipment to shell and grade cashew nuts, a very substantial increase in the export of cashew kernels and cashew shell oil to the United States is expected in the near future.

—CAREY B. SINGLETON, JR.
*Foreign Regional Analysis Division, ERS*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